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**REPORT**  
**WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1**  
**OF THE**  
**WASHINGTON PARISH COUNCIL**  
**Varnado, Louisiana**

**Component Unit Financial Statements**  
**As of and for the Year**  
**Ended December 31, 1999**  
**with Supplemental Information Schedules**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8-16-00

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1  
OF THE  
WASHINGTON PARISH COUNCIL  
Varnado, Louisiana

Component Unit Financial Statements  
As of and for the Year Ended December 31, 1999  
With Supplemental Information Schedule

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WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1  
VARNADO, LOUISIANA

TRANSMITTAL LETTER  
ANNUAL FINANCIAL STATEMENTS

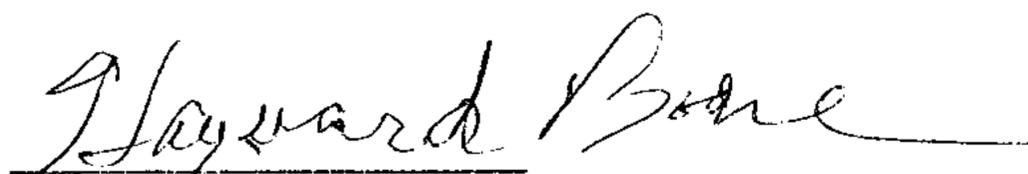
MAY 22, 2000

Office of the Legislative Auditor  
P. O. Box 94397  
Baton Rouge, LA 70804-9397

Dear Sir:

In accordance with Louisiana Revised Statute 24:514, enclosed are the annual financial statements for the Washington Parish Gas Utility District No. 1 as of and for the fiscal year ended December 31, 1999. The report includes all funds under the control and oversight of the district. The accompanying financial statements have been prepared in accordance with generally accepted accounting principles.

Sincerely

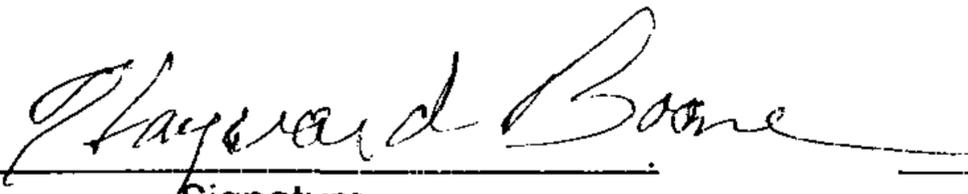
  
\_\_\_\_\_  
President

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1  
VARNADO, LOUISIANA

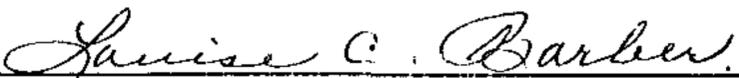
ANNUAL SWORN FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 1999  
WITH APPROPRIATE SUPPLEMENTAL INFORMATION

AFFIDAVIT

Personally came and appeared before the undersigned authority, Hayward Boone who, duly, sworn, deposes and says that the financial statements herewith given present fairly the financial position of the Washington Parish Gas Utility District No. 1 as of December 31, 1999, and the results of operations for the year then ended, in accordance with the basis of accounting described within the accompanying financial statements.

  
Signature \_\_\_\_\_

Sworn to and subscribed before me, this 30th day of May 2000.

  
Notary Public \_\_\_\_\_

Officer \_\_\_\_\_

Address \_\_\_\_\_

Telephone # \_\_\_\_\_

*Durden and Alonzo*

CERTIFIED PUBLIC ACCOUNTANTS

820 11TH AVENUE  
FRANKLINTON, LOUISIANA 70438  
(504) 839-4413  
FAX (504) 839-4402

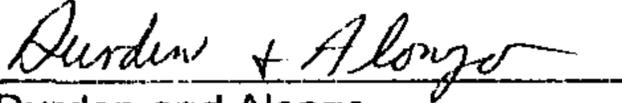
*William R. Durden*

*Donna W. Alonzo*

Washington Parish Council  
Board of Commissioners  
Washington Parish Gas  
Utility District No. 1  
Varnado, Louisiana

We have compiled the accompanying financial statements of the Washington Parish Gas Utility District No. 1, component unit of the Washington Parish Council, as of and for the year ended December 31, 1999, in accordance with the Statements of Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

  
Durden and Alonzo  
Certified Public Accountants

May 22, 2000

## FINANCIAL STATEMENTS

STATEMENT A

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1  
 OF THE  
 WASHINGTON PARISH COUNCIL  
 Varnado, Louisiana

BALANCE SHEET  
 As at December 31, 1999

<u>ASSETS</u>	
Current assets:	
Cash on hand and in banks	\$ 107,266
Investments	716,722
Accounts and notes receivable (Net of allowance for bad debts)	16,581
Inventory	8,220
Prepaid insurance	2,957
Accrued interest receivable	2,647
Total current assets	<u>854,393</u>
Restricted assets:	
Customer's meter deposit fund	<u>23,407</u>
Total restricted assets	<u>23,407</u>
Property and equipment:	
Gas line system	465,448
Maintenance equipment	38,370
Office equipment	3,665
Total property and equipment	<u>507,483</u>
Less accumulated depreciation	<u>(297,232)</u>
Net property and equipment	<u>210,251</u>
Total Assets	<u>\$ 1,088,051</u>

See accompanying notes to the financial statements

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1  
OF THE  
WASHINGTON PARISH COUNCIL  
Varnado, Louisiana

BALANCE SHEET  
As at December 31, 1999

LIABILITIES AND FUND EQUITY:

Current Liabilities:

Accounts payable	\$ 16,634
Sales tax payable	456
Accrued payroll taxes payable	715
Total current liabilities	<u>17,805</u>

Current Liabilities:

(Payable from Restricted Assets)	
Customers' meter deposits	23,407
Total current liabilities (Restricted Assets)	<u>23,407</u>

Total liabilities	<u>41,212</u>
-------------------	---------------

Fund Equity:

Contributed capital	120,000
Retained earnings - unreserved and undesignated	926,839
Total Fund Equity	<u>1,046,839</u>

TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 1,088,051</u>
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See accompanying notes to the financial statements

STATEMENT B

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1  
 OF THE  
 WASHINGTON PARISH COUNCIL  
 Varnado, Louisiana

STATEMENT OF REVENUE, EXPENSES AND  
 CHANGES IN RETAINED EARNINGS

For the year Ended December 31, 1999

Operating revenues:	
Gas sales	\$ 128,114
Forfeited discounts	2,604
Equipment hire	3,965
Miscellaneous income	2,980
Total operating revenues	<u>137,663</u>
Operating expenses:	
Gas purchases	67,204
Bad debts	1,713
General and administrative expense (Schedule 1)	84,564
Depreciation	12,059
Total operating expenses	<u>165,540</u>
Operating income (loss)	(27,877)
Other revenue:	
Interest income	40,274
Increase in market value of investments	<u>(10,287)</u>
Net Income	2,110
Retained earnings, beginning of year	<u>924,729</u>
Retained earnings, end of year	<u>\$ 926,839</u>

See accompanying notes to the financial statements

STATEMENT C

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1  
 OF THE  
 WASHINGTON PARISH COUNCIL  
 Varnado, Louisiana

STATEMENT OF CASH FLOWS  
 For Year Ended December 31, 1999

Cash flows from operating activities:

Operating Income	<u>\$ (27,877)</u>
Adjustments to reconcile net income provided by operating activities:	
Depreciation	12,059
(Increase) decrease in accounts receivable	(3,807)
(Increase) decrease in inventory	597
(Increase) decrease in prepaid insurance	(692)
Increase (decrease) in accounts payable	7,484
Increase (decrease) in accrued liabilities	<u>(713)</u>
Total adjustments	<u>14,928</u>
Net cash provided (used) by operating activities	<u>(12,949)</u>

Cash flows from financing activities:

Investment income transferred from investments	37,627
Investment principle transferred from investments	46,271
Transfer of funds to investments	(240,000)
Net cash provided (used) by financing activities	<u>(156,102)</u>
Net increase (decrease) in cash and equivalents	(169,051)
Cash and cash equivalents, beginning of year	<u>276,317</u>
Cash and cash equivalents, end of year	<u><u>\$107,266</u></u>

See accompanying notes to the financial statements

## STATEMENT D

WASHINGTON PARISH BAS UTILITY DISTRICT NO. 1  
OF THE  
WASHINGTON PARISH COUNCIL  
Varnado, Louisiana

Statement of Revenues, Expenses and Changes in  
Retained Earnings - Budget and Actual

For Year Ended December 31, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating revenues:			
Gas sales	\$125,000	\$128,114	\$ 3,114
Forfeited discounts	2,800	2,604	(196)
Equipment hire	4,500	3,965	(535)
Miscellaneous income	2,000	2,861	861
Total operating revenues	<u>134,300</u>	<u>137,544</u>	<u>3,244</u>
Operating deductions:			
Gas purchases	62,500	67,204	(4,704)
Bad debts	500	1,713	(1,213)
General and adm. expense	84,135	84,564	(429)
Depreciation	12,060	12,059	1
Total operating deductions	<u>159,195</u>	<u>165,540</u>	<u>(6,345)</u>
Operating income	(24,895)	(27,996)	(3,101)
Other revenue:			
Interest income	36,000	40,274	4,274
Recovered bad debts	120	119	(1)
Increase in market value of investments	<u>(6,500)</u>	<u>(10,287)</u>	<u>(3,787)</u>
Net Income (loss)	4,725	2,110	(2,615)
Retained earnings, beginning	<u>924,729</u>	<u>924,729</u>	<u>-</u>
Retained earnings, ending	<u><u>\$929,454</u></u>	<u><u>\$926,839</u></u>	<u><u>\$ (2,615)</u></u>

See accompanying notes to the financial statements

## NOTES TO FINANCIAL STATEMENTS

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1  
OF THE  
WASHINGTON PARISH COUNCIL  
VARNADO, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
December 31, 1999

INTRODUCTION

The Washington Parish Gas Utility District No. 1, was created by the Washington Parish Police Jury on June 12, 1962, under provisions authorized by LRS 33:430. The purpose of the district was to build and maintain a natural gas distribution system for the rural area in the northeastern part of Washington Parish. The system serves approximately 405 customers over distribution lines of 170 miles. The system is operated and maintained on a contractual basis by the Varnado Water District. The Water District provides employees for billing, collecting, and general operation of the system. The Gas District has one employee, hired for maintenance purposes.

The accounting and reporting policies of the district are the responsibility of a five-member board (compensated-Schedule 2) appointed by the Washington Parish Council. These accounting and reporting policies conform to generally accepted accounting principles as applicable to enterprise funds of a government entity. Such accounting and reporting procedures also conform to the guides set forth in the Louisiana Municipal Audit and Accounting Guide and to the industry audit guide, Audits of State and Local Governmental Units.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying general purpose financial statements of the Washington Parish Gas Utility District No. 1 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles..

B. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Washington Parish Council is the financial reporting entity for Washington Parish.

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1  
OF THE  
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VARNADO, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
December 31, 1999

The financial reporting entity consists of (a) the primary government, Parish Council, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Washington Parish Council for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the parish council to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the parish council does not appoint a voting majority but are fiscally dependent on the parish council.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the parish council appoints the governing board and has the ability to significantly influence operations, the district was determined to be a component unit of the Washington Parish Council, the financial reporting entity.

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1  
OF THE  
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VARNADO, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
December 31, 1999

C. FUND ACCOUNTING

The Washington Parish Gas Utility District No. 1 is organized and operated on a fund basis, whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, fund equity, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that cost (expenses, including depreciation) of providing service on a continuing basis be financed or recovered primarily through user charges.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund is accounted for on a "flow of economic resources" measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. The Enterprise Fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. The District uses the following practices in recording certain revenue and expenses:

Revenues

All revenues are susceptible to accrual basis of accounting. Gas revenues are billed on a recurring monthly basis, as gas is used by the district's customers. Bills are rendered at the beginning of each month for gas used the previous month. Accounts are primarily collected in the month following use of the gas. Equipment rent, re-connect fees, and installation fees are recorded in the month the service is rendered and collected the following month. Interest income is paid and recorded on a monthly basis, with the exception of some interest on certificates of deposit paid on a quarterly basis. Interest is accrued as earned on those certificates of deposit.

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1  
OF THE  
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VARNADO, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
December 31, 1999

Expenses

The district records expenses as they are incurred. Gas purchases are billed monthly and paid the following month. Supplies purchased during the month are normally paid the next month.

E. BUDGET

The proposed budget for 1999 was presented and adopted at the December 1998 board meeting held by the District on December 14, 1998. The budget is prepared on the accrual basis of accounting, with any capital purchases and interest income added. The board forwarded a copy of the approved budget to the Washington Parish Council. The board reviews the budget actual comparison on a monthly basis as a part of their management of the system. The 2000 budget was adopted at the December 1999 board meeting.

F. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. The district includes in cash and cash equivalents, amounts in time deposits and those investments in bank certificates of deposits with original maturity of no more than 30 days.

Under state law, the district may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. These are classified as investments if their original maturity exceeds 30 days. Investments are stated at amortized cost.

G. INVENTORIES

Inventories consist of various maintenance supplies and are recorded as an expense when consumed. Inventories are valued at lower of cost or market and are expensed using the first-in first-out method.

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1  
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VARNADO, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
December 31, 1999

H. PREPAID ITEMS

Prepaid items consist of expenses paid in the current year that cover operations during the next fiscal year.

I. RESTRICTED ASSETS

Customer Meter Deposits

Money received for utility deposits paid by new customers is held at Hibernia National Bank, Bogalusa, Louisiana. Meter deposits are held by the district until a customer becomes inactive. The meter deposit is then applied to the accounts receivable balance due and any remainder is refunded to the customer. Current meter deposits are: rental \$100, homeowner \$ 60.

J. FIXED ASSETS

Fixed assets of the district are included on the balance sheet of the enterprise fund at historical cost. Interest costs incurred during construction were capitalized. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

Gas system	30 years
Office equipment	10 years
Other equipment	8 years

K. COMPENSATED ABSENCES

All employees of the gas district earn from 14 to 28 days of vacation leave each year, depending on the length of service. Vacation leave must be taken during the year earned. However, upon termination or retirement, employees are paid for any unused vacation leave earned during the current year. All employees earn 6 days of sick leave each year. A total of 45 days of sick leave can be accumulated. All accumulated sick leave lapses upon termination. There were no accumulated and vested leave benefits required to be reported, in accordance with GASB Statement No. 16, as of December 31, 1999.

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1  
OF THE  
WASHINGTON PARISH COUNCIL  
VARNADO, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
December 31, 1999

L. FUND EQUITY  
Contributed Capital

Grants, entitlements, or shared revenues received that are restricted for the acquisition or construction of capital assets are recorded as contributed capital. Contributed capital is not amortized.

2. CASH AND CASH EQUIVALENTS

At December 31, 1999, the district has cash and cash equivalents (book balances) totaling \$107,266 as follows:

Cash on hand	\$ 100
Demand deposits	22,931
Interest bearing demand deposits	52,290
Money market accounts (Legg Mason Investments)	<u>31,946</u>
Total cash and cash equivalents	<u>\$ 107,266</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are to be held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Because the pledged securities are not registered in the District's name, the deposits are considered uncollateralized (Category 3) under the provision of GASB Statement 3.

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand. As additional security, the Federal Reserve Bank implemented new procedures during 1994 for handling book-entry collateral transactions. The procedures require that the pledgee must approve all releases and substitutions of collateral pledged to their account. If matching withdrawal or substitution instructions are not received from both the financial institution and the pledgee in a timely manner, the collateral transaction cannot be completed.

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1  
OF THE  
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VARNADO, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
December 31, 1999

At December 31, 1999, the District's deposits (collected bank balances) in Hibernia National Bank totaled \$368,652. These deposits were secured from risk by \$100,000. of the federal deposit insurance and pledged securities in the amount of \$309,113. The money market account and investments at Legg Mason are all U. S. Government securities.

3. RESTRICTED ASSET

At December 31, 1999 the district had restricted funds (book balances) as follows:

Meter Deposit Funds:	
Interest Bearing Demand Deposits	\$19,407
Time Deposits	<u>4,000.</u>
Total restricted funds	\$23,407.

These deposits are stated at cost, which approximates market. The pledged security for these deposits is stated in note 3 because they are part of the total funds on deposit at Hibernia National Bank.

4. INVESTMENTS

For the year ended December 31, 1999, investments totaled \$533,298 as follows:

	Cost	Value
Whitney National Bank-C. D's	\$ 95,000	\$ 95,000
Citizens Savings Bank-C. D's	48,500	48,500
Hibernia National Bank-C. D's	270,000	270,000
Legg Mason Investments-FHLMC, FNMA'S	307,113	303,222
Totals	<u>\$ 720,613</u>	<u>\$ 716,722</u>

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1  
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NOTES TO FINANCIAL STATEMENTS  
December 31, 1999

The certificates of deposit at Whitney National Bank, and Citizens Savings Bank are in the name of the District and are held in the District's safe deposit box at Hibernia National Bank. Because the certificates are in the name of the District and are held by the District or its agent, the certificates of deposit are considered insured and registered, Category 1, in applying the credit risk of GASB Codification Section 150.164.

The certificates of deposit at Hibernia National Bank are secured by pledged securities in the amount of \$309,313. The securities are registered in the name of the pledging bank and are held at the Federal Reserve Bank of Atlanta. Because the pledged securities are not registered in the District's name, the deposits are considered un-collateralized (Category 3) under the provisions of GASB Statement 3.

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district that the fiscal agent has failed to pay deposited funds upon demand. As additional security, the Federal Reserve Bank implemented new procedures during 1994 for handling book-entry collateral transactions. The procedures require that the pledgee must approve all releases and substitutions of collateral pledged to their account. If matching withdrawal or substitution instructions are not received from both the financial institution, and the pledgee in a timely manner the collateral transaction cannot be completed.

The mortgage certificates and treasury notes are in the name of the District (book entry only) and are held by Legg Mason Securities. Because the mortgage certificates are in the name of the District and are held by its agent, the mortgage certificates are considered insured and registered, Category 1, in applying the credit risk of GASB Codification Section 150.164.

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1  
OF THE  
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VARNADO, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
December 31, 1999

5. RECEIVABLES

The following is a summary of receivables at December 31, 1999:

<u>Class of receivable</u>	<u>Current Assets</u>	<u>Restricted Assets</u>	<u>Totals</u>
Customer receivable	\$ 18,423.	\$ 0.	\$ 18,423.
Allowance for bad debts	( 1,842)	( )	( 1,842.)
Net Receivables	<u>\$ 16,581.</u>	<u>\$ 0.</u>	<u>\$ 16,581.</u>

Un-collectible amounts due from customers' receivables are recognized as bad debts at the time information becomes available which would indicate the un-collectibility of the particular receivable. The bad debts are charged off against an allowance account. Management elected not to write-off any accounts for 1999. Management feels the estimate for the bad debt allowance of 1% is sufficient to cover any bad debts that may arise in the upcoming year. There was \$119 of recovered bad debts during 1999.

6. FIXED ASSETS

A summary of fixed assets at December 31, 1999 follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Gas distribution system	\$ 300,796	\$ 268,295	\$ 32,501
1998 Gas line extension	164,652	7,849	\$ 156,803
Office equipment	3,665	3,279	386
Maintenance equipment	38,370	17,809	20,561
Totals	<u>\$ 507,483</u>	<u>\$ 297,232</u>	<u>\$ 210,251</u>

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1  
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VARNADO, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
December 31, 1999

Depreciation is computed on a straight-line basis for financial statement purposes, using the following useful lives:

Distribution system	30 years
Office equipment	10 years
Maintenance equipment	8 years

7. INTERGOVERNMENTAL AGREEMENT

The Washington Parish Gas Utility District no. 1 entered into a service agreement with the Varnado Waterworks District. The Varnado Waterworks District will perform all necessary functions involving meter reading, billing of customers, collection of customer's accounts, keeping and furnishing necessary financial information and records on a monthly basis to Gas District No. 1. The fee for this service is based on the operating cost of the Waterworks District. A rate per customer per month will be calculated annually and paid each month.

8. LITIGATION AND CLAIMS

As of December 31, 1999, there were no litigations or claims against the District.

9. SUBSEQUENT EVENTS

As of the date of this report there were no subsequent events affecting the financial statements of the District.

## **SUPPLEMENTAL INFORMATION**

Schedule 1

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1  
 OF THE  
 WASHINGTON PARISH COUNCIL  
 Varnado, Louisiana

GENERAL AND ADMINISTRATIVE EXPENSES

For the Year Ended December 31, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Serviceman salary	\$24,600	\$25,020	\$ (420)
Secretary	560	560	-
Billing services	11,000	10,999	1
Accounting services	1,600	1,550	50
Audit and legal expense	1,775	1,775	-
Board of Commissioners expense	3,250	3,150	100
Insurance	9,200	9,407	(207)
Supplies and expense-office	500	252	248
Supplies and expense-gas line	6,000	6,344	(344)
Repairs and maintenance	5,500	4,777	723
Miscellaneous	500	1,608	(1,108)
Postage	1,000	818	182
Travel expense	5,000	4,733	267
Telephone	1,200	1,112	88
Line relocation	9,950	9,949	1
Taxes & license	2,500	2,510	(10)
	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>\$84,135</u>	<u>\$84,564</u>	<u>\$ (429)</u>

WASHINGTON PARISH GAS UTILITY DISTRICT NO. 1  
OF THE  
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VARNADO, LOUISIANA

COMPENSATION PAID BOARD MEMBERS

December 31, 1999

The schedule of compensation paid to board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

The Board of Commissioners of the District consists of five members appointed by the Washington Parish Council. The following is a schedule of the compensation received by the board members. Compensation did not exceed provisions of R.S. 33:4305.B.[1].

	Meetings Attended		Compensation
	Regular	Special	
Hayward Boone	9	2	\$ 550
Stanley Seal	12	2	700
Gary Pierce	11	2	600
Huey Bickham	12	2	700
Leo Mitchell	11	1	600
			\$ 3,150

The Commissioners are appointed to the following terms on January 1, 1999

Hayward Boone	5 year
Leo Mitchell	1 years
Stanley Seal	2 years
Gary Pierce	3 years
Huey Bickham	4 years

Re-appointments are made each January for the member whose term expires.

**INDEPENDENT  
ACCOUNTANT'S REPORT**

*Durden and Alonzo*

CERTIFIED PUBLIC ACCOUNTANTS

820 11TH AVENUE  
FRANKLINTON, LOUISIANA 70438  
(504) 839-4413  
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*William R. Durden*

*Donna W. Alonzo*

INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

Washington Parish Council  
Board of Commissioners  
Washington Parish Gas Utility  
District No. 1  
Varnado, Louisiana

Gentlemen:

We have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the management of the Washington Parish Gas Utility District No. 1, and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the District's compliance with certain laws and regulations during the year ended December 31, 1999, included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$15,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

There were no expenditures made during the year for materials and supplies exceeding \$15,000. or for public works exceeding \$100,000.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

The employee included on the list of employees provided by management [agreed-upon procedure (3)] did not appear on the list provided by management in agreed-upon procedure (2).

#### Budgeting

5. Obtain a copy of the legally adopted original budget and all amendments.

Management provided us with copies of the original and amended budgets for 1999.

6. Trace the budget adoption and amendments to the minute book.

The original budget for the year ended December 31, 1999, was adopted at the regular meeting held by the District on December 14, 1998, and made a part of the minutes of that meeting. The 1999 budget was amended at the regular meeting held on November 15, 1999.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues or expenditures exceed budgeted amounts by more than five percent (5%).

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual operating revenues and expenditures for the year did not exceed budgeted amounts by more than five percent (5%).

Accounting and Reporting

8. Randomly select six disbursements made during the period under examination and:

(a) trace payments to supporting documentation as to proper amount and payee:

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee for each disbursement.

(b) determine if payments were properly coded to the correct fund and general ledger account

We found that payments were properly coded to the correct fund and general ledger account for each of the six selected disbursements.

(c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated approval from the board of commissioners. Each of the disbursements were traced to the District's minute book where they were approved by the full board of commissioners.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meeting law).

Washington Parish Gas Utility District No. 1 is only required to post a notice of each meeting and the accompanying agenda on the door of the District's office building. Regular meetings were held on the 4<sup>th</sup> Tuesday of each month. If a regular meeting date was changed, the local newspaper (Bogalusa Daily News) was notified and the date published in the paper. The manager stated that the notice and agenda is posted on the door of the District's office the week prior to each monthly meeting. Notices for special meetings and their purpose are posted on the front door of the office and board members are notified of the meeting and its purpose by phone.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We have inspected copies of all bank deposits of the District, for the period under examination, and did not detect any deposits, which appear to be proceeds of bank loans, bonds, or like indebtedness. We also examined minutes of board meetings for any discussion about obligating the District for and debt, and none were noted.

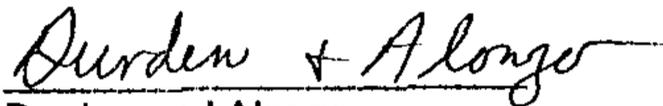
Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

The District has only one employee. A review of the minutes of the board meetings indicated no changes in compensation for the year. We also inspected payroll records and the general ledger account for salaries for the year and noted no instances, which would indicate payments to employees, which would constitute bonuses, advances, or gifts.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Washington Parish Gas Utility District No. 1 and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.



Durden and Alonzo  
Certified Public Accountants

May 22, 2000

# **GAS UTILITY DISTRICT #1**

26070 HWY. 21  
ANGIE, LA 70426  
PHONE: (504) 735-8433

## **MANAGEMENT'S CORRECTIVE ACTION PLAN AND SUMMARY OF PRIOR YEAR FINDINGS**

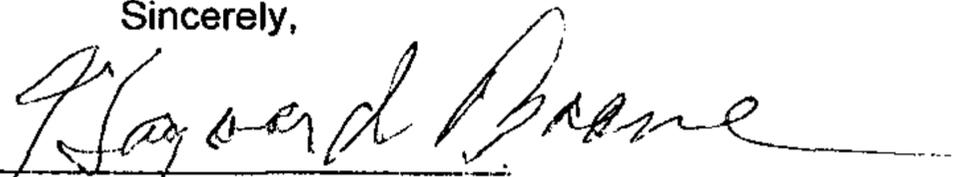
Mr. Daniel Kyle  
Legislative Audit Advisory Council  
P. O. Box 94397  
Baton Rouge, La. 70804-9397

Mr. Kyle:

The report from Durden and Alonzo CPAs on the application of agreed upon procedures for the years ended December 31, 1999, and December 31, 1998 (the prior year report); did not contain any comments for corrective action on the District's part. Therefore, we have no current year or prior year findings for which we must submit a report of "Management's Corrective Action Plan".

We feel we are currently in compliance with each item in the report on agreed-upon procedures.

Sincerely,

  
Hayward Boone,  
President

**LOUISIANA ATTESTATION QUESTIONNAIRE**  
**(For Attestation Engagements of Government)**  
*APRIL 25 2000* (Date Transmitted)

FROM: WASHINGTON PARISH GAS  
UTILITY DISTRICT NO. 1  
VARNADO, LOUISIANA

TO: DURDEN AND ALONZO, CPAS

In connection with your compilation of our financial statements as of December 31, 1998, and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of \_\_\_\_\_  
(date of completion/representations).

**Public Bid Law**

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes [] No [ ]

**Code of Ethics for Public Officials and Public Employees**

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes [] No [ ]

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes [] No [ ]

**Budgeting**

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes [] No [ ]

**Accounting and Reporting**

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes [] No [ ]

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes [] No [ ]

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes [] No [ ]

**Meetings**

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes [] No [ ]

**Debt**

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes [] No [ ]

**Advances and Bonuses**

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes [] No [ ]

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

Leo Mitchell Secretary 4/25/00 Date

\_\_\_\_\_  
Treasurer \_\_\_\_\_ Date

Hayward Boone President 4/25/00 Date